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## SUPREME COURT LARGELY UPHOLDS PPACA

The U.S. Supreme Court upheld the individual mandate and most of the Patient Protection and Affordable Care Act (PPACA). As expected, it was a close decision -- 5-4 -- with Chief Justice Roberts and Justices Breyer, Ginsburg, Kagan and Sotomayor agreeing that the individual mandate is a permissible tax. Because the individual mandate was found to be acceptable, most of the rest of the law (including the exchanges and the requirement that larger employers provide minimum coverage or pay penalties of their own) automatically stands. For additional information on the decision, [CLICK HERE](#).

Because PPACA has been upheld, employers need to move forward with implementing the changes required by the law. The most immediate requirements are:

- All group health plans, regardless of size, must provide "summaries of benefits coverage" (SBC) with the first open enrollment beginning on or after Sept. 23, 2012. The content and format of these SBCs must meet strict guidelines, and the penalties for not providing them are high (up to \$1,000 per failure). Insurers will be expected to provide the SBCs for fully insured plans, while self-funded plans will be responsible for preparing their own.
- Employers that issued 250 or more W-2s in 2011 must report the total value of each employee's medical coverage on their 2012 W-2 (which is to be issued in January 2013).
- High income taxpayers (those with more than \$250,000 in wages if married and filing jointly, or more than \$200,000 if single) must pay additional Medicare tax, and employers will be responsible for deducting a part of the tax (an additional 0.9 percent on the employee's wages in excess of \$200,000) from the employee's pay beginning in 2013.

- The maximum employee contribution to a health flexible spending account (FSA) will be \$2,500 beginning with the 2013 plan year.
- The Patient Centered Outcomes fee (also called the comparative effectiveness fee) is due July 31, 2013. The fee is \$1 per covered life for the 2012 year. Insurers will remit the fee on behalf of the plans they cover, while self-funded plans will pay the fee directly.

Politically, while House Republicans have pledged to repeal PPACA, it is unlikely a repeal bill would pass the Senate, and it would be vetoed in any event by President Barack Obama. The fall elections, of course, could result in a change in control of Congress and/or the White House, and Republican victories would likely re-energize efforts to repeal PPACA or to discontinue funding needed to implement various parts of the law.

The opinion is long (193 pages) and complex, and we will provide additional details -- through both written alerts and a webinar -- once there has been more time to study the opinion.

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